



Department of Justice

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JUSTICE DEPARTMENT REQUIRES RESTRUCTURING OF DYNO NOBEL AND EL PASO CORPORATION DEAL

Divestiture of Ammonium Nitrate Assets Ensures Competitive Pricing in the Western United States

WASHINGTON, D.C. -- The Department of Justice today announced that it is requiring Dyno Nobel Inc. to divest its 50 percent interest in an industrial grade ammonium nitrate (IGAN) production facility in Utah in order to proceed with its planned multi-million dollar acquisition of ammonium nitrate production assets from El Paso Corporation. The Department said the transaction, as originally proposed, would have resulted in higher prices for IGAN purchasers in the western United States.

The Department's Antitrust Division filed a lawsuit today in U.S. District Court in Washington, D.C. to block the proposed transaction. At the same time, the Department filed a proposed consent decree that, if approved by the court, would resolve the Department's competitive concerns and the lawsuit.

"If the original transaction had been allowed to proceed, IGAN purchasers in the western United States would have lost a competitive alternative," said R. Hewitt Pate, Assistant Attorney General in charge of the Department's Antitrust Division. "This settlement ensures that the benefits of competition will be preserved."

Dyno and El Paso, through its wholly owned subsidiary Coastal Chem Inc. (Coastal), are among the largest producers of IGAN in North America. IGAN is an essential ingredient in the production of nearly all blasting agent explosives used commercially in industries such as mining and construction.

According to the complaint, if the acquisition had been allowed to proceed as originally proposed, two firms would have controlled about 90 percent of IGAN sales in western North America. Dyno and El Paso would have had a combined share of about 50 percent, and the proposed transaction would have eliminated competition between them in the western United States.

The proposed consent decree requires that Dyno divest its 50 percent interest in Geneva Nitrogen LLC, which owns an IGAN production facility located in Vineyard, Utah.

Dyno, a subsidiary of DNH International Sarl, is located in Salt Lake City, Utah. It is one of the two largest producers of IGAN in North America, reporting 2002 sales of \$316 million. El Paso, headquartered in Houston, is the leading provider of natural gas services and the largest pipeline company in North America. It reported sales of approximately \$12 billion in 2002. El Paso subsidiary Coastal is headquartered in Houston, and is one of the two largest IGAN producers in western North America. It reported 2002 sales of about \$146 million.

As required by the Tunney Act, the proposed Final Judgment will be published in the Federal Register, along with the Department's competitive impact statement. Any person may submit written comments concerning the proposed consent decree during a 60-day comment period to Maribeth Petrizzi, Chief, Litigation II Section, Antitrust Division, U.S. Department of

Justice, 1401 H Street, NW, Suite 3000, Washington, D.C. 20530 (202-307-0924). At the conclusion of the 60-day comment period, the U.S. District Court for the District of Columbia may enter the Final Judgment upon finding that it serves the public interest.

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